



**Testimony of AARP Connecticut on
H.B. 5338, *AAC Medicaid Long-Term Care Coverage for Married Couples &*
S.B. 282, *AAC the Return of a Gift to a Person in Need of Long-term Care Services*
Aging Committee
March 6, 2012**

On behalf of AARP's nearly 600,000 members in Connecticut, we are pleased to support H.B. 5338 and S.B. 282. AARP is a nonprofit nonpartisan membership organization of persons 50 and older dedicated to addressing our members' needs and interests. Our mission includes strengthening long-term services and supports (LTSS) for people of all ages with various physical and mental disabilities. AARP applauds the Aging Committee for considering H.B. 5338 and S.B. 282, which will strengthen financial protections for Medicaid beneficiaries and their families.

AARP Urges the Committee to Reinstate the Maximum Spousal Impoverishment Protections for Married Couples as Outlined in H.B. 5338.

H.B. 5338 would reinstate the spousal impoverishment protections in place between July 2010 and June 2011 that allowed a couple applying for Medicaid long-term care coverage to keep the maximum community spouse protected amount (CSPA) to support the healthy spouse living in the community, without substantiation. Fourteen states currently allow this protection.¹

AARP believes H.B. 5338 represents a more humane approach that respects the needs of the community spouse. We also believe it is fiscally prudent to allow the community spouse to maintain adequate assets for their own care as they age. At best, the current CSPA rule *delays* state costs; it does not *avoid* them. While a married couple may be forced to spend down "excess" assets, the law does not require a married couple use those "excess" assets to pay for the institutionalized spouses medical or health care expenses. The excess assets may be spent in any way the couple wishes (provided fair value is received). Thus, any delay in Medicaid eligibility for the institutional spouse is speculative. On the other hand, forcing spend-down leaves the community spouse with fewer resources to use on her/his own care down the road. Additionally, since the community spouse cannot rely on their institutionalized spouse for free caregiving support, they are typically more reliant on paid services and supports. That means that the community spouse will have fewer resources to privately pay for their long-term services and supports, forcing them onto Medicaid prematurely when they need assistance.

Hence, any cost potentially avoided if a couple chooses to spend "excess" assets on the institutional spouse's care, will likely be incurred by the state later when the community spouse is forced onto Medicaid prematurely because they cannot afford their own long-term care needs. Moreover, H.B. 5338 has the added benefit of reducing administrative appeals, which could actually save administrative costs and alleviate the current backlog in processing Medicaid applications.

¹ Maximum CSPA states include: Alaska, California, Colorado, Florida, Georgia, Hawaii, Illinois, Louisiana, Maine, Massachusetts, Mississippi, South Carolina, Vermont, and Wyoming.

AARP strongly supports the change proposed in H.B. 5338. Connecticut should set the highest “community spouse resource allowance” and “spousal maintenance needs allowance” possible under federal law (as we had done previously) to provide community spouses with the greatest financial protections.

AARP Supports S.B. 282,

AAC the Return of a Gift to a Person in Need of Long-term Care Services

Next, AARP supports S.B. 282. This bill would allow the Department of Social Services to reduce the length of a penalty period for Medicaid services when a gift has been partially returned to an institutionalized individual.

The federal Deficit Reduction Act of 2005 implemented strict policies that prevent people who transferred assets—even for legitimate purposes—from accessing Medicaid coverage for needed long-term care services. Taken to its extreme, this penalty can operate as draconian restriction for vulnerable individuals, who made gifts or transfers for legitimate purposes over the normal course of life events. S.B. 282 provides an important safety value in these situations. Specifically, the bill would soften the penalty period if there is partial repayment of a gift. This change helps individuals that gave a gift before they knew they would need long-term care services and find themselves unable to fully recoup that gift years later.

We believe the change proscribed in S.B. 282 respects the intention of the Deficit Reduction Act to eliminate improper transfers, while properly protecting individuals who had no intention of bilking the system. Thank you for your consideration.